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Dunkin' deal ain't done yet

DD Acquisition mulls options

by Peter Romeo

RANDOLPH, Mass. — In the wake of Dunkin' Donuts' acceptance of a $325 million purchase offer from Allied-Lyons, an outbidded Canadian suitor has signaled that it may be unwilling to concede defeat.

DD Acquisition, the Toronto partnership that doggedly stalked Dunkin' for the last six months, said it would leave its $310 million proposal on the table to gain "adequate time to assess its alternatives."

"They could very well come back with a higher bid," said Roger Lipton, who monitors Dunkin' for the Ladenburg, Thalmann brokerage in New York. Analysts agreed that the nation's largest doughnut chain could fetch as much as $50 per share. Allied-Lyons, parent of the Baskin-Robbins ice-cream chain, has offered $47.

DD, which owns about 15 percent of Dunkin's shares, has been seeking to buy the rest for $45 each. About 34 percent of shares outstanding have been tendered, but DD has yet to actually acquire them because the transactions would trigger a "poison pill" defense, flooding the market with additional stock.

A new gambit by DD could dash the relief that Dunkin's management expressed after embracing Allied-Lyons' proposal.

"We're all really pleased that we can get back to building our

*(See **DUNKIN'**, page 73)*

Local pizzerias shun coupon wars

by Milford Prewitt

By staying out of the discount wars and concentrating on food quality and service, regional and small-chain pizza operators say they are prospering in spite of the national chains' blistering market battles.

"We know who we are, and we know who the competitors are and that allows you to establish a niche," said Roger Blanton, president of the 116-unit Peter Piper Pizza, Phoenix, Ariz. The company operates 34 of the chain's units.

"The nationals can afford to be everything to everybody, but we can't do that," Blanton said.

To be sure, not all small chains are faring well.

Just recently, Captain Pizza, West Peabody, Mass., a 20-year-old company that reached a chain high of nine units and whose pizza was lauded by The Boston Globe, folded. Five of the units are still in business under the same name but with unaffiliated management and concepts.

> "We're staying out of the promotions and concentrating on serving a high-quality product."

In some parts of the country, particularly the Northeast, scores of single-unit, mom-and-pop-type neighborhood pizza haunts have closed their doors permanently from the combined weight of hyper-inflated real estate and chain competition.

*(See **PIZZA**, page 4)*

Alabama debates liquor laws

Restaurateurs campaign for Sunday sales

by Jack Hayes

HOOVER, Ala. — A new battle for Sunday beverage sales is brewing in the Heart of Dixie, and the political leaders of this Birmingham suburb are innocently dumping yeast into the pot.

By drafting a Sunday liquor ordinance that isn't worth the price of a can of beer, the city council here has uncorked a turmoil, driving restaurateurs to push for a legislative rewrite of Alabama's beverage-licensing rules.

In particular, a set of antiquated definitions has forced operators to turn their restaurants into private clubs on Sundays just in order to serve alcohol.

"In 16 years I've never seen an issue get people together like this one," said Joe Lynch, who is the owner of two-unit Dexter's American Grill and was just named Alcohol Beverage Regulation Committee chairman of the Alabama Restaurant Association.

Lynch is charged with organizing the Alabama membership into a lobbying force that can persuade legislators — during an elec-

*(See **ALABAMA**, page 73)*

Hoover's new Sunday liquor ordinance sparks turmoil for its restaurateurs.

LA rules may snag deliveries

by Richard Martin

LOS ANGELES — Food-service distributors here, under constant pressure from restaurants to avoid lunchtime deliveries, now face the burden of a new ordinance banning most large trucks from city streets during morning and afternoon rush hours.

Restaurant operators and distributors fear the ban, the first of its kind in the nation, will pose hardships by compressing truck-routing schedules and forcing some businesses to accept off-hour and late-night deliveries.

"It's going to be a challenge," said Raimund Hofmeister, executive chef of the Century Plaza Hotel. "I cannot imagine getting deliveries after 11 a.m.," added Hofmeister, predicting the ban could have "a terrible effect" on restaurant operations.

Proposed by Mayor Tom Bradley last year to reduce traffic congestion and air pollution, the truck ban was approved by the city council last month and is expected to take effect by March. Under the law, trucks weighing more than 26,000 pounds will be barred from driving in the city on weekdays from 6 a.m. to 9 a.m and from 4

*(See **TRAFFIC**, page 73)*

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This week we are soliciting opinions on our new look. We want to know what *you* think, pro and con, about our new graphics and typography.

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Call the NRN Hot Line: 1 (800) 678-7711.

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NEWS BRIEFS

Barney retires from Wendy's

DUBLIN, Ohio — Robert Barney has retired as chairman of Wendy's International, the fast-food company that he has nurtured for almost two decades.

The concern said it has no plans to name a successor to the 52-year-old Barney, who has focused in recent years on expanding Wendy's international operations. Jim Near, the drum major of Wendy's turnaround effort, remains president and chief executive of the 3,800-unit system.

A longtime associate of Wendy's founder, R. David Thomas, Barney stewarded the chain during its fast-growth days of the 1970s and '80s. He relinquished the chief executive's post to Near in early 1989, after holding the title for nine years. Barney was named chairman in 1982.

Domino's set to deliver catalogs

ANN ARBOR, Mich. — As part of an effort to tap new revenue streams, Domino's Pizza has disclosed plans to begin delivering shop-at-home catalogs along with its pizzas.

The free brochures will list video cassettes that can be bought from a mail-order business called Emmy, Emmy. Domino's will collect a commission on each cassette ordered from the catalog.

In the face of sluggish sales, the delivery specialist has been exploring new markets. For instance, Domino's has licensed the use of the Noid character, which stars in the chain's commercials. The Domino's name is also used on pizza-shaped bubble gum.

Sugarman's group lands Rally's seats

LOUISVILLE, Ky. — A group of dissident Rally's directors have prevailed in their attempt to seize a majority of the company's board seats.

The crew, which holds 42.5 percent of Rally's stock, has also strengthened its control of the fledgling drive-thru-only chain by winning rights to acquire as many as 1.5 million Rally's shares at $15 each. The stock has sold for more than $24 per issue since the company's initial public offering in mid-October.

Rally's extended the stock-purchase rights as part of its settlement with director Bruce Sugarman and his allies, onetime Chart House executives William E. Trotter II and James M. Trotter III.

As part of the arrangement, three of Rally's board seats were given to Sugarman's associates, Patricia Glaser, David Gotterer and Michael Tennenbaum. They replaced Thomas A. Dieruf, Charlotte Elam and C. Edward Glasscock.

In addition, Rally's dropped its lawsuit against the group.

Congress rescues TJTC extension

WASHINGTON — Congress has salvaged the Targeted Jobs Tax Credit by tacking a one-year extension of the popular tax break onto the deficit-reduction bill.

However, the House and Senate failed to reinstate a proposal rescinding the controversial Special Occupancy Tax, a seldom-paid tax levied on liquor sellers. Earlier this year the federal government suddenly began collecting the fees plus overdue charges and accrued interest. The move surprised many restaurateurs, some of whom received bills of more than $2,000 per unit.

Congress had sought to soften the blow by disallowing the penalties, noting that the government had not notified liquor sellers that they were expected to pay the occupancy charge. However, a measure rescinding the fees was stripped from the deficit-reduction bill in an effort to streamline its passage. The proposal was never reappended.

Dasburg leaves Marriott, joins airline

BETHESDA, Md. — John Dasburg has resigned as head of Marriott Corp.'s lodging division to join a number of former co-workers at NWA Inc., the parent company of Northwest Airlines.

The carrier was recently acquired in a $3.65 billion buyout led by Alfred Checchi, a Marriott alumnus. Fred Malik, a past president of Marriott's lodging division, is also a high-ranking officer and co-owner of the airline.

Dasburg's successor has not yet been named.

El Pollo Asado replaces founder

PHOENIX, Ariz. — El Pollo Asado, the grilled-chicken chain here, said it has replaced founder and chief executive Richard Lipson with Thomas Sawyer, a high-ranking marketing specialist for Burger King during the mid-1980s.

Lipson has also relinquished the post of chairman but remains a director, according to the company. Sawyer also has been given a seat on the board.

El Pollo, which lost $1.2 million for the first quarter ended in June, has been attempting to recover its profitability in part by converting the chain's fast-food poultry outlets into cafes.

Sherman resigns presidency of Nathan's

MELVILLE, N.Y. — Robert Sherman has resigned as president and chief executive officer of Nathan's Famous Inc. just six months after taking the job.

Nathan's chairman, Stuart A. Benson, assumed Sherman's position as chief executive. Wayne Norbitz, the former vice president of operations and executive vice president, was appointed president and chief operating officer.

Sherman's background is in finances rather than fast food. A onetime president of the retail brokerage group at Prudential-Bache Securities, he refused to comment on his resignation.

Benson said that the 52-year-old Sherman left to pursue other interests, including the possibility of going back to Wall Street.

Denny's rolls express lunch

IRVINE, Calif. — Family restaurant specialist Denny's Inc. has rolled out a national "Lunchtime Express" promotion, which promises patrons that their food will be provided free if it is not served within 10 minutes.

Available weekdays from 11 a.m. to 2 p.m., the Lunchtime Express menu features burgers, sandwiches and salads priced from $4 to $5. Servers provide stopwatches that customers can use to clock the preparation time.

Virtually all 1,000 of Denny's company units are offering the express lunch, as are many of the chain's 200 franchised restaurants are also wielding the traffick-builder, according to Sue Henderson, Denny's marketing director.

Mettle replaces Naccarato at Gordon's

ASPEN, Colo. — Steven Mettle, formerly chef de cuisine at Green's in Denver, has been named executive chef of Gordon's Restaurant here following the departure of namesake and co-owner Gordon Naccarato.

In addition, Rebecca Naccarato, a co-owner with her husband, Gordon, remains at the restaurant, in charge of her own Aspen operation, Rebecca's. A third owner of Gordon's is Bruce Paltrow, an an investor in the 72 Market St. restaurant in Los Angeles.

Mettle, a Culinary Institute of America graduate, has also worked at the River Cafe in New York under David Burke and the American Restaurant in Kansas City under Bradley Ogden.

Craig Maier succeeds father at Frisch's

CINCINNATI — Frisch's Restaurants, the 115-unit Big Boy and Roy Rogers franchisee here, said Craig Maier has succeeded his father, Jack Maier, as president.

The elder Maier remains chairman, Frisch's said.

The younger man, a 14-year-veteran of Frisch's, was previously executive vice president.

Rax promotes Hermann

COLUMBUS, Ohio — The Rax sandwich chain has given new president Ira Hermann a vote of confidence by promoting him to the additional post of chief executive.

To assume the new position from J. Pat Ross, Hermann has relinquished the title of chief operating officer. The vacancy in that office affords Hermann with an opportunity to deepen his management staff by bringing aboard another high-level officer.

Ross, who remains chairman, hired Hermann in May to reverse the 500-unit regional chain's sales decline. Hermann has been attempting to turn around the system by adding new menu items, focusing on operation efficiencies and offering franchisees an incentive to open additional stores.

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NEWS

Ossip, of Assembly Steak House, dies

by Charles Bernstein

NEW YORK — Jerome J. "Jerry" Ossip, who was a restaurant innovator for 43 years and developed the Assembly Steak House into a segment leader amid the bitter competition of the New York market, died Nov. 15 of colon cancer. He was 69 and had been ill for several months.

A gray-haired six-footer with a commanding presence and a ready smile, Ossip sold the Assembly a few years ago and became a food-service consultant with his son Brad. But they and longtime partner Balfour "Bal" Golden repurchased it, remodeled it and then reopened it 13 months ago.

"The restaurant slipped badly under the previous ownership," said general manager William Bart, "but it came back nicely in the past year under Mr. Assembly [Jerry Ossip] and Brad."

As an Air Force photographic officer and captain, Ossip created the special K-20 camera and provided technical training. That enabled tail gunner George Caron, aboard the Enola Gay airplane, which dropped the first atomic bomb on Hiroshima in August 1945, to take the only usable photographs of the massive destruction. Ossip always viewed that feat with decidedly mixed emotions.

Ossip, a New York City native, received a B.S. degree from the University of Illinois and an M.B.A. from New York University. After serving in the Pacific for three years in World War II, he launched Brad's coffee shop in 1946. It was named after his young son and featured a then-unique U-shaped counter.

In the 1950s and 1960s, he pioneered salad bars and dessert bars — forerunners of the style that swept through the industry. He designed, owned and operated 26 restaurants during his career. Among the early ones were The Envoy in the Socony Mobil building here, the Guv'nor in the Lincoln Building, the Cattle Baron in the Edison Hotel and the Cambridge Inn at New Jersey's Garden State Plaza.

He, Brad and Golden negotiated Rockefeller Center leases in 1974 and developed the spaces into an array of eight diverse restaurants — the Assembly, the American Cafeteria, the Old Times Buffet, Greentrees Coffee House, Green Grocers Pantry, Burger Train, the Crepe Place and the Palazzo. The Assembly was the group's jewel, but it encountered tough times by the mid-1980s, when at least 25 other first-class steak houses had emerged in New York City.

A genial host who was on the restaurant floor, greeting his customers almost around the clock, Ossip was a friend of the business leaders, show people, sports stars and other celebrities who frequented the Assembly. They regarded him as "a man for all seasons."

Ossip set stringent food-quality standards, refusing to accept any products that were not 100 percent up to his demanding specifications. He delighted in doing Assembly commercials with his own voice on radio and television. He thus became a radio-TV personality as well as a restaurant personality.

He was active in charity and community causes and formerly was president of the National Democratic Club.

Ossip died at his home in Harrison, N.Y., in Westchester County, after fighting his illness from the time it was diagnosed as colon cancer in March. He remained active in his restaurant almost to the end.

Besides Brad Ossip, he is survived by his wife, Audrey; another son, Michael; a daughter, Dale Battaglia; two sisters, Sylvia Finn of Indianapolis and Rosa Zimbler of Chicago; a brother, Kenneth, of San Diego; and two grandchildren.

Pizzerias shun coupon wars

(Continued from page 1)

And even some of the giant chains are having their troubles.

Pizza Inn's parent, Pantera's, has been operating in Chapter 11, and some Wall Street analysts have speculated that Domino's is up for sale because McDonald's is gearing up to enter the pizza segment.

But in a year that has seen the national pizza chains engage in one of the most relentless couponing and discount barrages in memory, many small-chain operators insist they are maintaining steady sales growth and even expanding the sizes of their chains.

"I know this is going to sound self-serving, but we're having a sensational year," said Russell Lubliner, director of marketing for the 19-unit Edwardo's Natural Pizza Restaurants in Chicago, which bumps heads with the nationals in Illinois, Wisconsin, Minnesota and Indiana. "Based on the way our restaurants have been performing, I just don't believe the message of the big chains has gotten through to our customers."

"I'm glad they're having the pizza wars," said Bruce Taylor, president of Cybelle's Pizza, a 27-unit chain based in Oakland, Calif. "It's going to hurt them, not us."

"The big pizza chains have had little impact on my business," said Joseph Crugnale, president of Bertucci's, a 14-unit, $22 million, upscale, table-service restaurant chain based in Woburn, Mass. "If anything, we're taking business from them because people want a higher-quality product and good service."

Edwardo's, the Midwestern chain, is a full-service pizza restaurant with delivery and take-out. The typical unit seats 120 diners and has an average guest check of $10.

"You've got Domino's, which could be selling anything with its emphasis on speed, you've got Little Ceasar's Pizza selling quantity and bulk, and then you've got Pizza Hut going head-to-head with both of them with a product that certainly is not as good as ours," Edwardo's Lubliner said. "So I'm not seeing any impact on our business from the pizza wars."

Lubliner said the company does not coupon or discount — except on special occasions to attract business to a new store or a remodeled one — and is expecting record-breaking sales this year of about $15 million with improvements in comparable-store volume as well.

Lubliner broached the idea that restaurants like his — where dough is made on the premises and a fun atmosphere is maintained — attract new customers whose tastes have "graduated" out of the pizza chains.

"I think what happens in this business is customers' tastes mature," Lubliner said. "They see the ads of the big chains on television, and they grow up with that. But then they graduate beyond Domino's, and that's when they come to us."

Taylor, Cybelle's president, attributed improving same-store sales average and chain sales growth to excellent locations and maintaining the company's commitment to serve good-quality pizzas.

All 27 Cybelle units are in California, but they span a broad spectrum of sizes. Restaurants in the chain are as small as 350 square feet to as large as 6,000 square feet. Taylor estimated the average size at about 1,000 square feet and seats about 30 persons. The chain competes in all three segments of the pizza business, drawing about 50 percent of total volume from deliveries.

Like Edwardo's, Taylor said, the company refrains from couponing except as a once-a-quarter promotion and is looking to a 20-percent increase in sales from $7.5 million to $9 million. The sales boost was made without menu price hikes, he added.

"We're really staying out of the promotions and concentrating on those things that our customers have come to expect," Taylor said. "They know us for serving a high-quality product. All of our dough is hand tossed, and even our slices are made to order.

"Our sauce has a very distinctive, spicy taste associated with us."

Although two new units by Little Caesar's and Domino's have moved next door to two of Cybelle's established units and curtailed traffic, Taylor said his chain encounters the most market pressure from Round Table Pizza, the 170-unit full-service pizza chain based in San Francisco.

"I have to admit they have some tremendously good radio spots," he said.

Taylor's sensitivity to the market presence of Round Table, a chain that might be considered interregional but not necessarily national, is similar to observations made by other small chain operators who compete against such players as Mr. Gatti's in the Southwest and South or Papa Gino's in New England.

Small regional chain operators said that in some respects, Mr. Gatti's, Round Table, Papa Gino's and comparable companies are more formidable players than the national chains because these interregional companies spend more local advertising dollars and play a harder real estate game to keep the nationals out.

Some small and local chain operators in New England and the San Francisco Bay Area said they are protected by local moratoriums that prevent fast-food chain expansion in residential neighborhoods.

Blanton, the Peter Piper Pizza president, said his company competes against Mr. Gatti's and every one of the top four pizza chains. But like other regional chain operators, Blanton said adhering to the chain's concept has proven to keep customer traffic up.

"We're in some tough markets, and there isn't one where we don't compete against one of the big boys," Blanton said. "We're not having 30 or 40 percent sales growth, but we are quite healthy and our concept is strong." Blanton would not discuss the privately held company's sales and comparable-store performance.

Blanton described Peter Piper Pizza units as a full-service restaurant where "mothers don't feel the least bit guilty about letting their kids run all over the place."

He said the restaurant is stocked with video games and skeet ball to enhance the restaurants as fun place for a family. He also noted that a party of four could eat in his restaurants for as little as $20 but could spend as much as $45.

Other small-chain operators are fighting it out on the coupon front that so many of their peers abhor.

At Captain Tony's Pizza, a 16-unit, Rochester, N.Y., operator, the company has "declared war" with a coupon that honors Domino's or Pizza Hut coupons.

One of the best ways to avoid the pressure of the pizza battles, some operators believe, is to sell pizza without being part of the war. That's the tactic of Crugnale, president of Bertucci's.

CORRECTION

Fact File, page 14, Nov. 20, incorrectly portrayed the new $4.25-an-hour, two-stage minimum-wage law as a sharp setback from two previous minimum-wage proposals introduced in 1987 and 1988 and a third passed by Congress earlier this year but vetoed by President Bush. In fact, the new law is a considerable improvement over previous bills.

FINANCIAL NEWS

Year-end sales, profit jump prompt Uno Corp. expansion

by Milford Prewitt

BOSTON — Inspired by annual sales and profit that exceeded expectations, the Uno Corp. is looking to accelerate what was already an ambitious expansion bid for its Pizzeria Uno chain.

Net income for its fiscal year ending Oct. 1 jumped 56 percent, to $3 million, on a 37-percent year-to-year revenue increase, to $43.2 million. Fourth-quarter net income grew 60 percent year-to-year to a record $919,000 from $575,000 on sales of $12.4 million, a 26-percent boost.

Bob Brown, senior vice president of finance, attributed the encouraging annual results to a 4-percent menu price increase, a 7-percent jump in comparable-store sales and increasing traffic among company units 2 to 3 years old.

In explaining the menu price increase, Brown noted that Uno Corp. had been sensitive to the possibility of pricing itself out of the market. But he noted that the company succeeded in raising prices without any backlash by diligently sticking to the concept's reputation as an adult-oriented, full-service pizza restaurant with high-quality food served in a festive atmosphere.

"We've seen a pattern in our system where units seem to come into their own during the second and third year," Brown said. "It seems it takes that long to build up guest counts. Some stores in that age range have seen traffic jump by 20 to 25 percent.

"Older-line stores would not have experienced that type of sales gain. Their percent of growth was in the low single digits."

In a prepared statement, Aaron Spencer, chairman and chief executive officer of the company, said the company's rosy financial health will speed up the expansion of Pizzeria Uno units.

"Owing to the strong sales achieved among both newly opened company and franchise units, the company has decided to accelerate its growth in fiscal 1990 beyond its previous plan," Spencer said in a prepared statement. "We are now planning to open between 22 to 27 new restaurants in fiscal 1990, including 10 to 12 company-owned and 12 to 15 franchise units.

PIZZERIA UNO® RESTAURANT & BAR

> Brown expected that Pizzeria Uno will have three units in the vicinity of the nation's capital by the end of 1990.

"We continue to believe our modest price levels and value- oriented focus as well as our commitment to service excellence will allow the company to continue to report financial results consistent with our outstanding 1989 performance."

Brown, the financial officer, explained that the new units are slated for Boston and Long Island. He said six new company units will go up in Boston, where the company currently operates 12 Pizzeria Uno restaurants.

Brown also noted the company had examined the potential cannibalism that might occur with 18 restaurants concentrated in one market. But he said the increased exposure could only benefit the chain.

"I think we tend to believe that rather than have one unit that does $2.4 million, it's better to have two units that might do $2 million," Brown said. "The market is big enough to absorb it."

Washington, D.C., and St. Louis also will become areas of expansion for the chain he said.

"After Boston we're really looking at the New York metropolitan market after 1991," Brown explained. "That does not necessarily mean Manhattan. I don't want to put any numbers on it, but we believe the New York metropolitan area offers substantial opportunity for new units."

Brown said the company has two units on Long Island that enjoyed a 25-percent sales gain year-to-year. He said the Long Island units typified the sales burst Pizzeria Uno units experience after two to three years in the system.

He said Washington, D.C., is important to the company because it represents a new Northeast market the company has yet to penetrate. Brown expects that it will have three units in the vicinity of the U.S. capital by the end of 1990.

He called the St. Louis expansion plans a deviation from the company's previously stated intentions. But he said timely and propitious real-estate transactions the company negotiated in St. Louis and the familiarity of Craig Miller, Uno Corp's president, with the market prompted the chain to make an excursion into the Midwest.

"We don't see St. Louis as a major risk," Brown said. "We had the opportunity to contract for three excellent locations and with Miller's knowledge of the market, we really feel good about it."

At the end of Pizzeria Uno's fiscal year, it was a 64-unit chain. The company operated 26 restaurants, and the remainder were franchised.

FOOD PRICE OUTLOOK

Canned vegetable prices moving up

by Patt Patterson

The federal government's restrictions on canned mushroom imports from mainland China is pushing prices up both for imported and domestic canned mushrooms. Expect prices of 6/10 sizes to rise strongly into early next year.

The availability of fancy whole kernel canned corn is below normal, with price increases expected . . . Canned white potatoes are also on the short list . . . Fortunately, pea, green bean and carrot packs have been larger than last year's with prices expected to range from stable to slightly lower.

Most canned fruits are in better supply than last year's, with prices remaining stable. Pineapple is an exception, with somewhat higher pricing owing to lower imports from some countries, notably Thailand . . . Northwest purple plums are also in short supply, with prices moving up.

Frozen vegetable supplies are tighter, with prices stable to rising. Peas, green beans, corn, broccoli, spinach, cauliflower and potatoes are below average inventory levels.

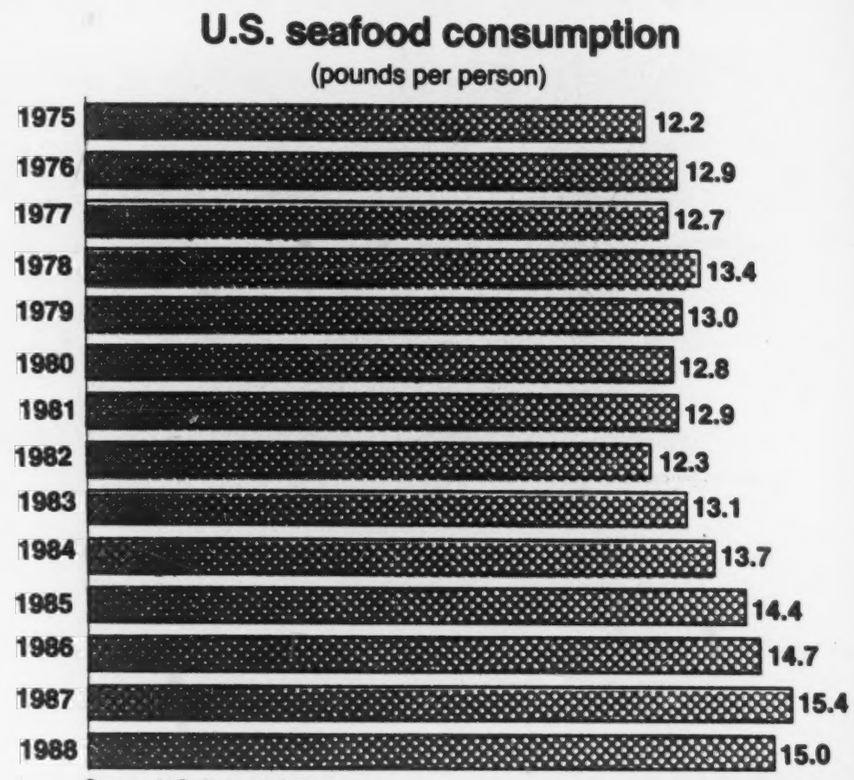
Frozen fruit supplies are mixed . . . Red cherry stocks are down, but prices remain below normal . . . Strawberry stocks are tight until Mexican shipments begin early next year, prices firm . . . Red raspberry stocks are normal, prices stable . . . Cultivated blueberries in good supply at lower prices, wild ones scarce and pricy . . . Apricot stocks up with prices stable . . . Frozen peach inventories down, but prices generally stable.

Additional increases in canned ham prices can be expected. Import supplies are down, and domestic ham prices have risen in step with hog prices . . . Broiler prices are expected to be stable through most of the winter, barring any unforeseen events . . . Frozen scallops are in tight supply, but reduced demand has resulted in prices stabilizing, at least temporarily.

California fresh vegetable prices have been lower through the end of November, with lettuce, broccoli, carrots, celery and cauliflower all running well below normal.

NRN FACT FILE

A look at the statistics shaping the industry



Source: U.S. Dept. of Commerce

FINANCIAL DIGEST

Income drops for Family Steak Houses

NEPTUNE BEACH, Fla. — Substantial increases in interest expenses were blamed for a 26-percent drop in net income for Family Steak Houses of Florida, a 24-unit franchisee of Ryan's Family Steak House.

Net income plummeted to $223,900 in the third quarter on sales of $11.2 million, a 28-percent increase over year-ago sales volume.

The company said interest expenses on loans to finance the purchase of new sites for construction contributed to the decline in third-quarter profit.

Ogden mulls spin-off of Allied Services

NEW YORK — Ogden Corp. is contemplating a spin-off of its contract-feeding and business-services division, Ogden Allied Services, according to Ogden Corp. chairman and chief executive Ralph Ablon.

Ablon raised the possibility at a meeting here with financial analysts. The company did not respond to requests for additional details.

Earlier this year Ogden divested another subsidiary by distributing shares in the spun-off unit to the parent company's shareholders.

Ogden Allied Services gathered food-service revenues of $241 million in 1988.

Rax Restaurants 1st-Q volume drops 6%

COLUMBUS, Ohio — Rax Restaurants Inc. announced that its first-quarter revenues declined 6 percent, from $29.1 million a year ago to $27.4 million for the period ending Oct. 30.

The company attributed the decrease to a new royalty calculation "designed to strengthen existing and prospective franchisees."

Sales trends for the first quarter improved over last year's average, with company restaurants showing a year-to-year average sales gain of 5 percent with franchisees showing a 4-percent decline.

Recent product introduction, including a grilled-chicken sandwich — which accounts for 12 percent of total food sales — and Twisty Fries have contributed to the improving same-store sales average, company officials said.

Collins Foods reports strong 2nd quarter

LOS ANGELES — Sizzler Restaurants operations were credited with a 14-percent increase in net income and a 2.3-percent increase in revenues at Collins Foods International.

For the second quarter ending Oct. 15, net income was $7.7 million vs. 6.7 million for the comparable time period last year.

Revenues jumped more modestly, from $$127.3 million to $130.2 million. The company singled out its Sizzler Restaurants, Gino's East of Chicago and Ed Debevics for much of the boost in revenues.

The company's Kentucky Fried Chicken division experienced lower profits compared with the prior-year levels, but in the light of declining poultry prices, Collins is looking for improving performance in 1990.

Collins Foods operates 209 KFC units and, through its Sizzler Restaurants, operates or licenses 647 restaurants.